

FEGLI

Federal Employees'
Group Life Insurance

Federal Employees' Group Life Insurance Program



This pamphlet contains important information for retired Federal employees about rights and benefits as an annuitant under the Federal Employees' Group Life Insurance Program. This pamphlet is not a contract of insurance. It summarizes the benefits payable; to whom benefits are paid; how to submit a claim; and other provisions of the Program. Refer to it when you (or your family) have questions about Federal life insurance.



Office of
Personnel
Management

Retirement &
Insurance Service

Previous editions are not usable

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We provide retirement information on the Internet.
You will find retirement brochures, forms, and other
information at:

<http://www.opm.gov/retire/>

You may also communicate with us using email at:

retire@opm.gov

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Contacting Us

We encourage you to call us when you want to discuss your own life insurance or the life insurance program in general. Our Retirement Information Office is staffed with Customer Service Specialists trained to provide information and assistance to you in a wide variety of situations. Many of the services you need, including address changes and some health benefits changes, can now be requested by telephone, without the need for forms or letters.

To reach the Retirement Information Office, call (202) 606-0500. With the exception of Federal holidays and weekends, this office is open from 7:30 a.m. to 5:30 p.m. Eastern time, Monday through Friday. Annuitants with hearing impairments who have TDD equipment should call (202) 606-0551.

When you call, you will be greeted by an automatic answering system which will guide you through a menu that lists the topics our customers call about most frequently. This system allows you to record requests for services (such as asking for forms you need or reporting a death — features that are available 24 hours a day). ***If you call during our business hours, you are given the opportunity to speak to a Customer Service Specialist.***

To make any change to your life insurance coverage, you will need to write to us. Whether you call or write, be sure to give us your CSA claim number. This number is shown on your identification card and on all correspondence from us. If you write, please give us your full name and your date of birth or your social security number as well as your claim number.

If someone writes on your behalf, we still must have ***your signature*** in order to provide information about your life insurance coverage. ***You*** are the only person with the ability to terminate or decrease your life insurance coverage; only ***you*** can designate a benefi-

ciary. These are your personal rights under the Federal Employees' Group Life Insurance Program.

If you become mentally incompetent, no one can make any change in your life insurance. Our policy in this area is designed to protect the annuitant's entitlement to the life insurance benefit. Actions that cannot be undone by the annuitant if he or she regains competence, or actions that can be made in favor of another person to the detriment of the annuitant, are the annuitant's personal rights that may not be exercised by court-appointed guardians or others.

If the life insurance has been assigned, these rights extend to the assignee (the person who owns the life insurance).

Address your correspondence about life insurance to:

U.S. Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045

Note to employees:

This pamphlet is written for retired persons. Employees need to contact their agency personnel offices for assistance and specific information about their life insurance. OPM does not have access to employees' personnel records, so you should not use the OPM addresses given in this publication.

General Information about the Federal Employees' Group Life Insurance Program

The Federal Employees' Group Life Insurance Program provides insurance which builds no cash value; it is intended to provide a cash payment to your heirs after your death. You **cannot** borrow against your Federal life insurance benefit.

Requirements for Continuing Life Insurance Coverage into Retirement

Your Basic Life, Option A - Standard, Option B - Additional, and Option C - Family insurance coverages (depending on what coverage you may have) are continued into retirement if:

1. you retired on an immediate annuity (one which began within a month after you separated), and
2. you were insured for the five years of service immediately preceding your annuity commencing date or for the entire period(s) during which the coverages were available to you, and
3. you did not convert your life insurance to an individual policy.

Note that under the Federal Employees Retirement System, an immediate annuity includes eligibility for an annuity if you separate at the minimum retirement age and have 10 years of service. If you meet the three requirements above, you may continue your life insurance coverage as a retiree even if you choose to postpone receipt of your annuity. If you do choose to postpone receiving your annuity, your coverage stops until the date your annuity begins. If you want to continue the coverage you had when you separated, it will resume when your monthly payments begin, even if you convert your life insurance to an individual policy upon your separation for retirement.

If You Were Not Eligible to Continue Life Insurance as a Retiree

If your coverage did not continue into retirement, it terminated when you separated for retirement (or at the end of 12 months non-pay status if you were in a non-pay status before your separation), subject to the 31-day temporary extension of coverage. This 31-day extension of your life insurance protection (excluding accidental death and dismemberment insurance) is automatic. If you were not eligible to (or did not want to) continue life insurance coverage as a retiree, you were given the opportunity to convert to an individual policy. Generally, to have continuous insurance protection, you had to apply for the individual policy and pay the first premium to the insurance company within the 31-day temporary extension of coverage period.

Time Limit on Converting to an Individual Policy

To convert to an individual policy, you must have applied by following the instructions on Standard Form 2819, *Notice of Conversion Privilege*, within 31 days after your insurance terminated. If we terminated your insurance after you retired, you must have applied within 31 days of the date you received Form RI 76-1, *You Cannot Continue Your Basic Life Insurance*, or Form RI 76-6, *You Cannot Continue Your Optional Life Insurance*, from OPM. After the 31-day temporary extension of coverage period expired, you no longer had Federal life insurance protection.

If you were unable to convert to an individual policy within the 31-day time limit for reasons beyond your control, you may make a belated request by writing directly to:

Office of Federal Employees' Group
Life Insurance
200 Park Avenue
New York, NY 10166-0188

Your belated request must be filed within 6 months after you first became eligible to convert to an individual policy. You should provide a full explanation of

the cause beyond your control that prevented you from making a timely request. The Office of Federal Employees' Group Life Insurance will determine if you are eligible to convert.

The Cost of Your Coverage

You can determine the exact cost of your coverage from the discussions below of Basic Life insurance and the various Optional coverages. If you are receiving annuity payments, your life insurance premiums are withheld from your annuity. Federal Employees Retirement System (FERS) retirees may make life insurance premium payments to us if their annuity is too low to cover the cost of the coverage. We will notify you if your monthly annuity is too low to cover the cost of the life insurance coverage and will give you the opportunity to drop Optional coverages, or, in the case of FERS retirees, the opportunity to make direct payment. FERS retirees should be aware that once you elect to make direct payment, your election will remain in effect as long as you are eligible for continued enrollment in the Program, even if your monthly annuity increases to the point where the cost of your life insurance could be deducted from your annuity.

Note: The monthly premium rates shown in this pamphlet are correct as of the date of publication, but are subject to change.

Basic Life Insurance

The amount of your Basic Life insurance (*formerly known as "Regular insurance"*) is determined by (1) your annual rate of basic pay in effect when you separated for retirement or (2) the annual rate of basic pay in effect at the expiration of 12 months in non-pay status, if this occurred before you separated.

Generally, the annual basic pay rate (if not an even thousand) is rounded to the next higher thousand, plus \$2,000 to arrive at the basic insurance amount, or **face value**, of your Basic Life insurance. For example, if your basic pay at separation was \$27,500, your Basic Life insurance amount at retirement is \$30,000. Also, if you are under age 45, the amount of your Basic Life insurance may be increased by a multiplica-

tion factor based on your age. This extra benefit is not included in the face value of your Basic Life insurance. **Note:** Accidental death and dismemberment insurance stops at retirement.

Items A, B, and C below discuss how to determine the cost of Basic Life insurance and the amount, if any, by which your coverage will reduce after you attain age 65.

- A. If you separated for retirement **before** December 9, 1980, your Basic Life insurance will begin to reduce by 2 percent of the face value each month beginning with the second month following the date you attain age 65 or retire, whichever is later. This reduction continues until your Basic Life insurance reaches 25 percent of the face value. This is a 75 percent reduction. For example, if, after you are retired, your 65th birthday occurred in October, 1990, your life insurance remained at the full face value through November 30, 1990. The insurance began to reduce by 2 percent of the face value per month effective December 1, 1990, by another 2 percent on January 1, 1991, and so on until January 1, 1994, when your life insurance reached 25 percent of the face value. This coverage is **without cost** to you.
- B. If you separated for retirement **on or after** December 9, 1980, and before January 1, 1990, you were required to elect one of the following reduction schedules for your Basic Life insurance:
- **75 percent reduction** - If you elected this reduction schedule, your Basic Life insurance will begin to reduce by 2 percent of the face value each month beginning with the second month following the date you attain age 65 or retire, whichever is later. This reduction continues until your Basic Life insurance reaches 25 percent of the face value, as explained above for pre-December 9, 1980, retirees. This coverage is **without cost** to you.
 - **50 percent reduction** - If you elected this reduction schedule, your Basic Life insurance will begin to reduce by 1 percent of the face value each month beginning with the second

month following the date you attain age 65 or retire, whichever is later. This reduction continues until your Basic Life insurance reaches 50 percent of the face value. Premiums for this coverage after age 65 (or retirement, if later) will be withheld from your annuity beginning at retirement and continuing for life. The monthly premium is determined at the rate of \$.52 per month per \$1,000 of the **full face value** of the Basic Life insurance in effect at retirement. These premiums are not reduced when the Basic Life insurance amount begins to reduce (upon attaining age 65, or retirement, whichever occurs later).

- **No reduction** - If you elected this reduction schedule, the full amount of your Basic Life insurance remains in force after you reach age 65. Premiums for this additional coverage will be withheld from your annuity beginning at retirement and continuing for life. The monthly premium is determined at the rate of \$1.69 per month per \$1,000 of the **full face value** of the Basic Life insurance in effect at retirement.

- C. If you separate for retirement **after** December 31, 1989, you must elect one of the three reduction schedules described in Item B above when you retire. Regardless of which reduction schedule you elect, if you separate before age 65, you must also pay until age 65 the same premium costs as employees for the Basic Life insurance you continue into retirement. The monthly premium rate is \$0.3575 for each \$1,000 of the Basic Life insurance in effect when you retire. ***This premium withholding is in addition to the premium required if you elect either the 50 percent or No Reduction schedule discussed in Item B.*** See ***Example*** below. We will automatically eliminate the monthly premium for Basic Life insurance (but will continue to withhold for any Reduction schedule you have elected) from your annuity the first of the month after you attain age 65.

Example: If you are under age 65 and separate for retirement after December 31, 1989, and you:

1. have Basic Life insurance of \$29,000 and
2. elect the 50 percent Reduction schedule, your monthly premium for continuing Basic Life insurance into retirement is \$10.37 ($29 \times \0.3575) and the monthly premium for electing the 50 percent Reduction schedule is \$15.08 ($29 \times \0.52). The premiums for continuing your Basic Life insurance into retirement (\$10.37) will be withheld from your annuity through the end of the month in which you attain age 65. However, premiums for the 50 percent Reduction schedule (or No Reduction schedule, if elected) will be withheld from your annuity for life unless you cancel your election.

If you are in Group B or C above and elected the 50 percent or No Reduction schedule, you can cancel that election at any time, unless you have assigned your insurance. If you do so, the cancellation will automatically entitle you to the 75 percent Reduction schedule, *[Note that retired persons cannot change their elections from No Reduction to a 50 percent Reduction.]* The amount of your Basic Life insurance will then be determined as if the 75 percent Reduction schedule had been elected at the time you retired. This change will be effective the first of the month after we receive your request. You will not be entitled to a refund of the premiums already withheld from your annuity.

Option A - Standard Insurance

The amount of Option A - Standard insurance (formerly known as "Optional insurance") is generally \$10,000 at retirement. If you have this coverage, it will begin to reduce by 2 percent per month (\$200) beginning the second calendar month after you attain age 65 or retire, whichever is later, until it reduces to 25 percent of the face value (\$2,500). Premiums for Option A - Standard insurance will be withheld from your annuity through the end of the month in which you attain age 65, unless you elect to cancel this coverage. You cannot cancel your insurance if you have assigned it. The cost of Option A - Standard insurance

depends on your age, and the premiums increase depending on your age group until you are 65, as shown in the following table:

Age Group	Monthly Premium
Under age 35	\$.87
Age 35 through 39	1.08
Age 40 through 44	1.52
Age 45 through 49	2.38
Age 50 through 54	3.90
Age 55 through 59	6.50
Age 60 through 64	15.17
Age 65 and Over	No cost

Except when you reach age 65, you are considered to attain a particular age group on January 1 of the year following the one in which your corresponding birthday occurs.

For example, if you attained age 55 in May, 1996, your monthly premium for Option A - Standard insurance would have increased from \$3.90 to \$6.50 effective January 1, 1997. This increased premium would first be reflected in your payment dated February 1, 1997, which covered your annuity and insurance premiums for the month of January.

We will automatically eliminate the monthly premium from your annuity the first of the month after you attain age 65. For example, if you reach age 65 in May, premiums for Option A - Standard insurance will stop June 1. This will be shown in your payment dated July 1, covering your annuity and insurance premiums for the month of June.

Option B - Additional Insurance

Option B - Additional insurance was available to active Federal employees in April, 1981. This coverage was never made available to anyone who retired before April, 1981. The amount of coverage is determined by multiplying your final annual basic pay rate

by the lowest multiple of Option B -Additional insurance coverage that was in effect for the five years of service immediately preceding your retirement, or the entire periods of service during which this coverage was available to you, if less than five years. (Before multiplying, the basic pay is first rounded to the next higher thousand if it is not an even thousand.)

For example, if the lowest multiple in effect for the five years of service preceding your retirement was 3 and your final basic salary rate was \$27,500, the amount of your Option B - Additional insurance at retirement is \$84,000 (3 x \$28,000).

Effective the first day of the second month after you reach age 65 or on the date of retirement, whichever is later, the amount of your Option B - Additional insurance will reduce by 2 percent of the face value per month for 50 months, at which time this coverage will end. Premiums for this coverage will be withheld from your annuity through the month in which you attain age 65. You can cancel, or reduce the number of multiples, at any time, unless you have assigned your insurance. The cost of Option B - Additional insurance depends on your age and the full amount of insurance in effect when you retired, as shown in the following table:

Age Group	Monthly Withholding per \$1,000 of Insurance
Under age 35	\$.087
Age 35 through 39	.108
Age 40 through 44	.152
Age 45 through 49	.238
Age 50 through 54	.390
Age 55 through 59	.650
Age 60 through 64	1.517
Age 65 and Over	No Cost

Except when you reach age 65, you are considered to attain a particular age group on January 1 of the year following the one in which your corresponding birthday occurs.

For example, if you attained age 55 in March, 1996, and the full amount of your Option B - Additional insurance was \$84,000 at retirement, your monthly premium for this benefit would have increased from \$32.76 (84 x \$.390) to \$54.60 (84 x \$.650) effective January 1, 1997. This increased premium would first be reflected in your payment dated February 1, 1997, which covered your annuity and insurance premiums for the month of January.

We will automatically eliminate the monthly premium from your annuity the first of the month after you attain age 65. For example, if you reach age 65 in May, premiums for Option B - Additional insurance will stop June 1. This will be shown in your payment dated July 1, covering your annuity and insurance premiums for the month of June.

Option C - Family Insurance

Option C - Family insurance first became available to active Federal employees in April, 1981. This coverage was never made available to anyone who retired before April, 1981. If you have Option C - Family insurance, the amount of insurance is \$5,000 upon the death of a spouse and \$2,500 upon the death of an eligible child.

Eligible children include:

1. your unmarried dependent children (other than a stillborn child or a foster child), including legally adopted children,
2. your unmarried dependent stepchildren if they live with you in a regular parent-child relationship, and
3. your unmarried recognized children born out of wedlock who are either living with you in a regular parent-child relationship or who are receiving regular and substantial support from you.

To be covered, a child must be under age 22, or, if 22 or over, incapable of self-support because of a mental or physical disability which existed before the child became 22 years of age. (The Office of Federal Employees' Group Life Insurance in New York City will determine if a child age 22 or over was covered in the event a claim for benefits is filed after that child's death.)

Effective the first day of the second month after you reach age 65 or on the date of retirement, whichever is later, the amount of coverage for your spouse and each eligible child will begin to reduce by 2 percent of the face value per month for 50 months, at which time this coverage will end. Premiums for this coverage will be withheld from your annuity through the end of the month in which you attain age 65, unless you cancel this coverage. The monthly premium is based on your age, as shown in the following table:

Age Group	Monthly Premium
Under age 35	\$.65
Age 35 through 39	.67
Age 40 through 44	1.13
Age 45 through 49	1.52
Age 50 through 54	2.17
Age 55 through 59	3.25
Age 60 through 64	5.63
Age 65 and Over	No Cost

Except when you reach age 65, you are considered to attain a particular age group on January 1 of the year following the one in which your corresponding birthday occurs.

For example, if you attained age 55 in May, 1996, your monthly premium would have increased from \$2.17 to \$3.25 effective January 1, 1997. This increased premium would first be reflected in your

payment dated February 1, 1997, which covered your annuity and insurance premiums for the month of January.

We will automatically eliminate the monthly premium from your annuity the first of the month after you attain age 65. For example, if you reach age 65 in April, premiums for Option C - Family insurance would stop May 1. This would first be reflected in your payment dated June 1, covering your annuity and insurance premiums for the month of May.

You are the beneficiary under Option C - Family insurance. After your death, the Family insurance is terminated. However, covered surviving family members will have an opportunity to convert to a non-group policy.

How to Change Your Life Insurance Coverage after Retirement

Unless you have assigned your insurance, you may cancel it at any time. If you cancel your Basic Life insurance, you are cancelling all your Optional insurance as well.

If you elected the 50% or No Reduction schedule for your Basic Life insurance, you may cancel this additional coverage at any time. You may also reduce (or cancel) the amount of your Option B - Additional insurance, if you have this coverage, or cancel any or all other Optional life insurance coverages you may have. To do so, you write to us telling us what you want to do.

Note: If you have assigned your life insurance you cannot cancel or change it after you retire.

If you are retired under the Civil Service Retirement System, write to:

U.S. Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045

If you are retired under the Federal Employees Retirement System, write to:

U.S. Office of Personnel Management
P.O. Box 200
Boyers, PA 16017-0200

Be sure to provide your CSA number and specify what action you want taken. Generally, the reduction or cancellation is effective the first of the month after the month in which we receive your request. You will not receive a refund of any premiums paid through the end of the month in which we receive your request. However, if you are cancelling Option C - Family insurance, the cancellation can be retroactive to the first of the month after the month in which you no longer have an eligible family member. (When you look for your premiums to change, remember that the annuity payment you receive on the first business day of the month pays annuity and insurance premiums for the preceding month.)

Termination of Life Insurance

Your Federal life insurance will terminate if your entitlement to annuity benefits ends. For example, if you are a disability retiree under age 60 and you are found recovered or restored to earning capacity, your disability annuity and life insurance coverage will end. You do not have the 31-day extension of coverage and may **not** convert the life insurance to an individual policy.

If you are a disability retiree whose annuity terminated as described above, you will retain your life insurance coverage if you are entitled to and apply for an immediate discontinued-service annuity. You will receive complete information concerning your right to do so if your disability annuity terminates. Also, if you are under age 60 and your disability annuity is reinstated due to loss of earning capacity or a recurrence of the disability for which you retired, you will be given an opportunity to have your life insurance coverage reinstated. Only coverage of the type and up to the amount you had in effect at the time your disability annuity was terminated can be rein-

stated. If you are entitled only to a deferred annuity after your disability annuity terminates, you cannot retain your life insurance coverage as a retiree, and you cannot convert it to an individual policy. Under certain conditions, your annuity and life insurance coverage will terminate if you are reemployed in the Federal service, as explained below.

Reemployment in the Federal Service

You must tell the agency in which you are seeking reemployment that you are an annuitant. If you retired under the Civil Service Retirement System and you become reemployed, you must notify:

U.S. Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045

If you retired under the Federal Employees Retirement System and you become reemployed, you must notify:

U.S. Office of Personnel Management
P.O. Box 200
Boyers, PA 16017-0200

You should send us either (1) a copy of the personnel document showing your appointment, if possible, or (2) the full name and address of your employing agency and the date you were reemployed.

If Annuity Terminates Due to Reemployment

If you are reemployed under conditions which terminated your annuity, your life insurance coverage as a retiree also ends without the right to convert to an individual policy. You can, however, acquire life insurance coverage as an employee, provided you are reemployed in a position which includes such coverage.

If Annuity Continues During Reemployment

If your annuity continues during your reemployment and you are reemployed in a position which is excluded from life insurance coverage, you will retain any Basic and Optional life insurance coverages you have as a retired employee.

If you are reemployed in a position which does not exclude life insurance coverage, you will automatically acquire Basic Life insurance coverage as an employee unless you waive all insurance coverage. You are also eligible for Option A - Standard insurance unless you have on file a waiver of Basic Life insurance or Option A - Standard insurance. In addition, you can acquire Option C - Family insurance as an employee unless you have on file a waiver of Basic Life insurance or Option C.

If you acquire the above life insurance coverage(s) as an employee, the applicable premiums will be withheld from your salary by your employing agency and your life insurance coverage as a retiree will be suspended during your reemployment. Any premiums withheld from your annuity for Basic, Option A - Standard, and Option C - Family insurance will also be suspended after your employing agency notifies us so that we can take the appropriate action.

If you are reemployed in a position which does not exclude insurance coverage, you are also eligible for Option B -Additional insurance, unless you have on file a waiver of Basic Life insurance or Option B - Additional insurance. However, if you have this insurance as a retiree, that coverage will continue unless you file an election of Option B - Additional insurance on Standard Form 2817, *Life Insurance Election*, with your employing agency within 31 days after you are reemployed. If you do so, premiums for your employee-acquired Option B - Additional insurance will be withheld from your salary. (Please note that if you file Standard Form 2817 with your employing agency, you must fill it out completely to reconfirm all the coverage you have, not just electing Option B. Otherwise, your other coverage will be cancelled.) In this instance, your coverage as a retiree (including any premiums withheld from your annuity) will be suspended during your reemployment after we receive proper notification from your employing agency.

Note: Any waiver of life insurance you file with your employing agency as a reemployed annuitant applies not only to your life insurance as an employee, but also to the insurance you have as a retiree.

After Your Reemployment Ends

You may retain your reemployment-acquired life insurance (except accidental death and dismemberment benefits) if:

1. you complete at least one year of continuous full-time service (or part-time service which is equivalent to one year of full-time service) and qualify for a supplemental annuity or you acquire a new retirement right, and
2. you were insured for the five years of service immediately preceding your separation from reemployment or for the full period(s) of service during which the insurance was available to you, if less than five years.

If you are eligible for a supplemental annuity, you can choose to continue your reemployment-acquired life insurance or have your suspended retiree coverage reinstated. If your annuity continued during your reemployment but you are not eligible to continue your reemployment acquired life insurance, the life insurance coverage you had as a retiree will be reinstated. The reinstated coverage will be the amount you would have had if the coverage had not been suspended, *i.e.*, your coverage may be reduced if you are age 65 or older. Premiums will be withheld from your annuity, if appropriate, after we receive notification from your former agency.

Who Receives Your Basic Life, Option A -Standard, and Option B - Additional Insurance Benefits

If you have not assigned your life insurance, your life insurance will be payable in the following order of precedence:

1. Your designated beneficiary(ies).
2. Your widow or widower.
3. Your child or children in equal shares, with the share of any deceased child distributed among the descendants of that child.
4. Your parents in equal shares or the entire amount to the surviving parent.
5. The duly appointed executor or administrator of your estate.
6. Your next-of-kin under the laws of the State where you lived at the time of death.

You do not need to name a beneficiary if you are satisfied to have your life insurance benefits paid as shown in items 2 through 6 above.

If more than one beneficiary is named, the share of any beneficiary who dies before you die is distributed equally among the surviving beneficiaries or entirely to the survivor, if any survive. If none of the beneficiaries survive you, payment reverts to the order of precedence items 2 through 6 shown above.

If you had a designation of beneficiary in effect when you retired, it remains in effect during your retirement unless you change or cancel it (see ***How To Designate a Beneficiary***). You do not need the consent of anyone to change your beneficiary. Also, you do not need to fill out a new form or notify the Office of Personnel Management when the address of a beneficiary changes. If a designated beneficiary dies before you do, his or her rights and interests in your insurance benefits end automatically.

Note: If you have designated your spouse to receive your life insurance and your marriage ends, that former spouse is still designated and will receive your life insurance unless you change or cancel the designation.

If your life insurance stops for any reason (see ***Termination of Life Insurance***), any designation of beneficiary you previously filed is void 31 days after your coverage stops. If you later reacquire insurance as an employee, you must file a new form with your employing office if you want your new insurance benefits paid to a designated beneficiary.

If any person otherwise entitled to payment fails to make claim within one year after your death or if payment to such person is prohibited by Federal statute or regulation, payment will be made in the order of precedence shown above as if that person had died before you. If, within two years after your death, no claim has been made by any person entitled to payment as explained above, payment may be made to a claimant who in the judgment of the Office of Personnel Management is equitably entitled to the insurance.

If less than \$7,500 life insurance is payable after you die, the Office of Federal Employees' Group Life Insurance (OFEGLI) will make payment by check to your beneficiary or other survivor. However, if \$7,500 or more is payable, OFEGLI will open a money market account in the name of the person who is payable and will mail a checkbook to the payee. Your beneficiary or other survivor may close the account immediately or may write checks for any amount from \$250 up to the entire balance in the account at any time. There is no charge for checks and the balance in the account earns interest from the day it is opened. At the time such a payment is made, OFEGLI will give your beneficiary or other survivor complete details about the account. You cannot make any payment arrangements in advance of your death.

How to Designate a Beneficiary

Unless you assign your life insurance as discussed starting on page 23, only **you** may designate a beneficiary. This is true even if you are incompetent. Designations by a court order or a power of attorney are not valid.

You may obtain the proper designation form (Standard Form 2823) to name a beneficiary or to change or cancel a previous designation by calling (202) 606-0500 or by writing to:

U.S. Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045

After you complete the form, mail both copies back to this same address. To be valid, your designation must be in writing, signed, witnessed by two persons, and received by the Office of Personnel Management before your death. An unwitnessed letter indicating your intent does not constitute a valid designation of beneficiary. ***Witnesses to the designation may not be named as beneficiaries.***

If you name more than one beneficiary, be sure to specify their respective shares of your insurance benefits, otherwise they will share equally.

Do not send your designation to your former agency. If you send your designation to your former agency by mistake and we do not receive it before your death, it is not a valid designation of beneficiary.

How Your Survivors Apply for Life Insurance Benefits

Your beneficiary or other survivor as described on page 18 should call us on (202) 606-0500 or write to us at the following address in the event of your death:

U.S. Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045

The beneficiary or other survivor should provide your full name and (1) CSA number or Social Security number, (2) date of birth, and (3) date of death.

The Office of Personnel Management (OPM) at that time will furnish the proper form (Form FE-6, *Claim for Death Benefits*) and instructions for claiming benefits. The claim form should be filed with the Office of Federal Employees' Group Life Insurance, not with OPM; the address is on the Form FE-6. It is the responsibility of the person to whom the benefits are payable to file the claim and to furnish proof of death and any other evidence which may be called for at that time.

Who Receives Benefits Under Your Option C -Family Insurance

If you have Option C - Family insurance, **you** are the beneficiary. No designation is permitted under the law. Payment will be made to you in a lump sum. If you should die after the death of an insured family member but prior to payment of your claim, payment will be made to the person (or persons) to whom your Basic Life insurance benefits are payable.

How to File a Claim for Option C - Family Insurance Benefits

If an insured family member (your spouse or eligible child as described in Option C - Family insurance, page 11) dies, you should call us on (202) 606-0500 or write to:

U.S. Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045

for the appropriate claim form (Form FE6-DEP). This form provides complete instructions for filing your claim. (You should not request this form unless the benefit becomes payable due to the death of an eligible family member.)

If premiums for family life insurance are being withheld from your annuity and you no longer have an eligible family member, you should notify the Office of

Personnel Management at the above address so the premiums can be stopped.

In the event of your death, any eligible family member can convert his or her own coverage to an individual policy within 31 days after your death or within 31 days after he or she receives notice of the right to convert, if later.

Living Benefits

Effective July 25, 1995, you may elect to receive a lump-sum payment called Living Benefits if you are terminally ill and have a documented medical prognosis that you are not expected to live more than nine months. Eligible annuitants may elect a full lump-sum payment equal to their Basic Life insurance amount, plus any extra benefit for persons who are under age 45, that would be in effect nine months after the date the Office of Federal Employees' Group Life Insurance receives a completed claim for Living Benefits form. Annuitants cannot elect a partial Living Benefits payment; this option is available only to employees.

If you have assigned your life insurance coverage, neither you nor the assignee may elect Living Benefits.

Your Living Benefits payment will be reduced by a nominal amount to make up for lost earnings to the Life Insurance Fund because of the early payment of benefits.

If you elect Living Benefits after retirement, no Basic Life insurance will be payable after your death. We will stop withholding any Basic Life insurance premiums from your monthly annuity. If you elected Living Benefits before you retired, the amount of Basic Life insurance payable after your death and the premiums we withhold from your annuity depend upon the amount of Living Benefits you received before retirement.

Your election of Living Benefits has no effect on the amount of any Optional life insurance you may have. We will continue to withhold any premiums for Optional insurance.

You may contact the Office of Federal Employees' Group Life Insurance at 1-800-633-4542 to obtain the form to elect living benefits (Form FE-8). This form is not available from personnel offices or from your retirement system.

Irrevocable Assignment of Life Insurance

If you wish, you may assign your life insurance to one or more persons, firms, or trusts. Assignment means that you agree to give up ownership of your Basic, standard Optional, and additional Optional life insurance coverage **forever**. The assignee becomes the beneficiary. If you assign your insurance, you must continue to pay any life insurance premiums. We will withhold the premiums from your annuity. However, if you are a retired under the Federal Employees Retirement System and your annuity is too low to cover the cost of your life insurance, you or your assignee(s) may pay the premiums to us as described on page 5. Family Optional life insurance cannot be assigned, because, by law, only you can be the beneficiary.

The decision to assign life insurance is yours alone and may be made only with your consent. Assignments of insurance are generally made to comply with requirements of a court order for divorce or for personal financial planning purposes.

- a) **To comply with a court order** - You may make an assignment of your group life insurance in order to comply with a court order for divorce. Frequently, the court will order a Federal retiree to name a former spouse as the life insurance beneficiary.

However, under the life insurance law, an insured person may change his or her designation of beneficiary at any time. Assigning life insurance coverage to a former spouse provides a means for the retiree to assure the court that life insurance benefits will be payable to a former spouse or his or her designated beneficiary.

- b) ***For inheritance tax purposes*** - Generally, if an assignment is made at least three years before an individual's death, the insurance is considered a gift to the assignee, rather than a part of the estate of the insured. Current Federal estate tax law allows an unlimited marital deduction for that portion of the gross estate passed to a surviving spouse. Thus, there is no apparent immediate tax advantage to assigning ownership of a life insurance policy to a spouse. However, since State tax laws vary and tax savings under Federal or State law can be considerable if insurance proceeds are not subject to estate taxes, it is important to consult with, and rely on, the advice of a competent estate tax advisor.

The Office of Personnel Management assumes no responsibility or obligation with respect to the validity, sufficiency, or the consequences of an assignment under the Internal Revenue Code. A determination as to whether the life insurance proceeds are included in your gross estate must ultimately be made by the Internal Revenue Service (IRS) at the time of your death. In attempting to determine the tax effect of an assignment, you should refer to tax laws, case law, and IRS regulations. In addition, you should consider obtaining a ruling from the IRS.

- c) ***To obtain accelerated death benefits*** - You can assign your life insurance to a viatical settlement firm. You might wish to do this if you are terminally ill in order to obtain a portion of the value of your life insurance before your death.

By assigning your life insurance, you give up the right to designate beneficiaries and to reduce the amount of insurance coverage (even if the cost is more than you can afford).

If you assign your life insurance to more than one person, you must specify the percentage shares for each person. You are not permitted to name contingent assignees in the event the primary assignee predeceases you.

An assignment cancels any designation of beneficiary you have made. If the assignee does not designate a beneficiary, the assignee is the beneficiary and is payable after your death. After the assignment only the assignee(s) may designate beneficiaries. Each assignee may designate anyone, including himself, or herself, as the beneficiary of the portion of your life insurance the assignee owns. An assignee may designate a contingent beneficiary and may change the designation of beneficiary at any time. Each assignee and each beneficiary of an assignee is responsible for keeping us advised of his or her current address.

An assignee may reassign his or her portion of the insurance coverage to individuals, firms, or trusts.

The assignee assumes all rights to cancel your life insurance. If there are two or more assignees, all of them must agree to any cancellation of your coverage.

The assignee has the same life insurance conversion rights as those described for annuitants on page 4 of this booklet.

You retain the right to elect the reduction schedule for your Basic Life insurance. The assignee has the right to change your election to the maximum (75%) reduction schedule. If there is more than one assignee, all of them must agree to change the election.

If you want to assign your life insurance, call or write to us asking for an assignment form (RI 76-10). The assignment will be effective on the date we receive the properly completed, signed, dated, and witnessed assignment form. Instructions for making an assignment are on the form.

Information for Compensationers

If your life insurance coverage as an employee terminated and you are receiving benefits from the Office of Workers' Compensation Programs under conditions which allow you to continue life insurance as a compensationers, your coverage is subject to the same conditions as a retiree. However, if your life insurance coverage as an employee terminated **before** November 2, 1978, (because of separation or completion of 12 months non-pay status), the amount of your life insurance will not reduce when you reach age 65, as long as you are in receipt of compensation and determined by the Department of Labor to be unable to return to duty.

We hope this pamphlet has helped you. If you have other questions about retirement and survivor benefits, you may call as described on page 1 or write to us at the following address:

U.S. Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045

If you do write, please be sure to provide your civil service retirement claim number (CSA number) and date of birth to allow us to identify your records promptly.

The pamphlets listed below offer more detailed information about their respective topics than is possible here. If you wish to request one or more of these booklets, you may call or write to us at the address shown above.

Title	Form Number
Information for Annuitants on the Civil Service Retirement System	RI 20-59
Information for Annuitants on the Federal Employees Retirement System	RI 90-8
Information for Retirees and Survivor Annuitants About the Federal Employees Health Benefits Program	RI 79-2